

Employer UPDATE

A PUBLICATION OF THE ARIZONA STATE RETIREMENT SYSTEM

Summer 2005

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Annual Employer Conferences underway



On-line contribution payment system update



Wrap-up of retirement legislation from 47th Session



Employer Briefs

ROUTING SLIP

Human Resources _____

Payroll _____

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New Employee Packets available

The ASRS has created a new packet for employers to provide to their new hires that explains the benefits of membership in the state retirement plan.

The ASRS will provide to employer human resource departments a supply of a new folder that explains basic information about the retirement system. Employers may download the latest Fact Sheets to place into the folders, which can then be provided to a new employee along with other information that is provided at the time of hire, such as health care benefits, tax forms and other paperwork.

The folder itself has information on the history of the ASRS, benefits of membership, our investment strategy and contact information.

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Contribution rates to increase July 1 Increase to be "stepped in" over two years

Legislation that sets contribution rates for the Arizona State Retirement System at 7.40 percent for fiscal year 2005-06, and 9.10 percent for fiscal year 2006-07 has been signed into law by Governor Napolitano.

The new contribution rates, set forth in Senate Bill 1521, become effective July 1, 2005. It calls for a 6.9 percent rate for the ASRS pension plan, plus 0.50 percent for the long-term disability plan, for a total contribution rate of 7.40 percent for both employee and employer for fiscal year 2005-06.

For the 2006-07 fiscal year, the pension plan rate will be 8.6 percent, plus 0.50 percent for long-term disability, for a total contribution rate of 9.10 percent for both employee and employer.

The current contribution rate is 5.2 percent for the pension plan, plus 0.50 for the long-term disability plan, for a total rate of 5.70 percent for both the employee and employer.

The ASRS actuary previously calculated a rate of 8.25 percent for employee and employer contributions for both fiscal 2005-06 and 2006-07. The legislature, at the request of some employer representatives, explored methods to soften the impact of the increased contribution rate for the coming fiscal year to provide additional time for employees and employers to plan their budgets, while still maintaining fiscal soundness of the pension plan. As a result, the legislation calls for "stepping in" the two-year actuarially-determined rate with a lower rate the first year, and a higher rate the second year.

ASRS Contribution Rates

2005-06 Rates, effective July 1, 2005

	Pension	LTD	Total
Employee	6.9%	0.50%	7.40%
Employer	6.9%	0.50%	7.40%
Total	13.8%	1.00%	14.80%

2006-07 Rates, effective July 1, 2006

	Pension	LTD	Total
Employee	8.6%	0.50%	9.10%
Employer	8.6%	0.50%	9.10%
Total	17.2%	1.00%	18.20%

You're Invited! Annual Employer Conferences help keep you informed!

The Arizona State Retirement System is proud to present our 2005 annual Employer Conference schedule with dates to choose from in July, August and September. These meetings are for representatives from member employer Payroll, Benefits and Human Resource departments and any individual who provides administrative support.

All meetings will be from 8:30 a.m. to 12:30 p.m., and will cover the following topics:

- New Legislation, including Contribution Rates, Investments, Rural Health Insurance Subsidy, and Service Purchase program changes.
- Highlights of Activities
 - Account Balance – Interest Rates
 - Payroll Deduction Agreement (PDA) transfers
 - Updated Employer Manual
- Contribution Accounting
 - Internet Automation Clearinghouse
 - Travel Verifications
- Employer Verification
 - Enrollment Forms, New Hire Survey
 - Final Salary Verification and Termination Pay
- Long Term Disability Program Updates
- Health Insurance Program
 - Program Updates
 - How to complete forms (Enrollment, Change/Delete, Reimbursement, etc.)

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Include in your RSVP the employer name, attendee names and titles, phone numbers, date and location.

Employer Conference Schedule

Phoenix, ASRS Office, 3300 N. Central Ave., 10th Floor Board Room

July 7	July 25	August 2
July 8	July 26	August 4
July 18	July 27	August 5
July 19	July 28	August 9
July 21		August 10
July 22		

Tucson, August 3 & September 8, ASRS Tucson Office, 7660 E. Broadway Blvd., Suite 101.

Flagstaff, July 12, Flagstaff Unified School District, 3285 E. Sparrow Ave.

Holbrook, July 13, Northland Pioneer College, Painted Desert Campus, 993 E. Hermosa Dr.

Show Low, July 14, Northland Pioneer College, White Mountain Campus, 1001 W. Deuce of Clubs.

Bisbee, August 16, 1221 Hereford Road, Equipment Road Yard.

Safford, August 17, Graham County Board of Supervisors Room, 921 Thatcher Blvd.

Globe, August 18, Globe City Hall, Council Chambers, 150 N. Pine St.

Yuma, September 13, Yuma City Hall, Conference Room 142, One City Plaza.

Kingman, September 14, Kingman School District Conference Room, 3033 MacDonald Ave.

Prescott/Chino Valley, September 15, Yavapai College, Rock House, 1100 E. Sheldon St.

Employer UPDATE

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Employer Notes

Automated Contribution Reporting System

The ASRS is in the process of implementing an automated contribution reporting method which will enable employers to submit payroll contributions to the ASRS over the internet. On-line contribution reporting is a safe, secure and efficient way to submit payroll contributions.

We are in the process of contacting employers to assist in setting up the process, which includes a number of security features. Please watch for a letter from the ASRS detailing the program and inviting your organization to participate. Testing has been underway with select employers over the past several months and is proving effective and efficient.

We encourage you to take advantage of this new technology as the ASRS strives to continue to provide improved service to our member employers.

Internal Audit Program

The Operations Committee of the ASRS Board of Trustees has approved an Internal Audit plan for scheduled audits for the 2006 and 2007 fiscal years. This plan calls for 20 employer audits to be conducted by the ASRS Internal Audit staff.

The audits will be judgmentally selected and will include state agencies, school districts, charter schools, municipalities, colleges & universities and fire districts.

The objectives of the audits are to ensure that the entity audited is in compliance with rules governing eligible compensation and required contributions to the Arizona State Retirement System, service purchase payroll deduction agreements, and health insurance payments to retirees.

You will be notified by External Affairs if your organization is chosen to be audited. Additionally, you will be formally contacted by an auditor to set up an opening conference. The normal duration for an employer audit is three weeks.

Get the Facts!

The ASRS has compiled a series of Fact Sheets that explain various programs and benefits offered to members. Fact Sheets cover such topics as membership criteria, permanent benefit increases, substitute teaching and membership, contribution rates, and returning to work after retirement. These valuable resources are available to employers and members.

Also, especially for employers, Employer Information Sheets that specifically address issues related to your responsibilities as a employer representative are being posted on the ASRS website under the Employer section.

Visit our website to view them! Please feel free to print and distribute any of the fact sheets to your staff or employees.

Contact Us!

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Legislation Update

From the 47th Session of the Arizona Legislature

HB 2472 - ASRS; Payroll Deduction Agreements

First sponsor: Rep. McClure. Others: Rep. Downing, Sen. Martin

As Introduced: Mandates that an ASRS member's Payroll Deduction Agreement must continue when the member transfers employment between participating ASRS employers.

As Amended:

- > Specifies the federal retirement or deferred compensation plans in which university employees, school and community college districts can participate.
- > Requires employers to invest contributions in an appropriate federal retirement or deferred compensation plan if their employee chooses to participate in a salary reduction contribution or the governing board elects to make non-elective employer contributions.
- > Limits the use of public monies to purchase any annuity or deferred compensation to specific purposes.
- > Allows monies contributed for the replacement of unused leave pay to buy out negotiated contracts or to provide early retirement incentives to be contributed in a federal retirement or deferred contribution plan.
- > Includes accumulated vacation or annual leave, sick leave, compensatory time or other forms of termination pay as compensation for certain ASRS members.
- > Specifies that an individual's long-term disability will not be offset by a PSPRS, CORP or EORP pension annuity.
- > Corrects typographical error from previous section to bring state statute into compliance with federal law.

Effective date: Aug. 12, 2005

HB 2621 - Retiree Health Insurance; Rural Subsidy

Sponsors: Rep. Konopnicki, Rep. Aguirre, Rep. Brown

As Amended:

- > Extends the rural healthcare subsidy for an additional 2 years for areas in the state where a Medicare eligible HMO is not available.
- > Eliminates the additional rural benefit supplement for retirees in the Arizona retirement systems who are not eligible for Medicare.
- > Appropriates \$28,000 for ASRS administrative expenses

Effective date: July 1, 2005

HB 2772/SB 1521 - State Budget Procedures; Budget; ASRS Contribution Rates

Sponsor: Sen. Pearce

As Introduced:

- > Changes the time period the contribution rate is set from biennial to annual. Notwithstanding the change, sets the contribution rate for the next two fiscal years on a stepped basis, with a 6.9% pension contribution rate in FY 05-06 and 8.6% in FY 06-07.
- > Temporarily raises the floor from 2% to 4% for the next two years.

Effective date: July 1, 2005

New Employee Packets

Continued from Page 1

Employers may access a special area on the ASRS website where they can download materials to include in the folder, including a letter from the director of the ASRS, and up-to-date fact sheets on ASRS demographics, contribution rates, membership criteria, leaving employment prior to retirement, and the service purchase program.

The New Employee Packet will be explained in detail at our upcoming Employer Conferences. (See schedule on page 2). Employers who attend the conferences may pick up a supply of the new folders to take back to their organization.

For employers who cannot attend one of the upcoming Employer Conferences, or for those who do not have internet access to the ASRS website, the Employer Relations Division can make arrangements to get you the materials. (See Contact Us on Page 3.)

W W W . A S R S . S T A T E . A Z . U S

Employer UPDATE is published periodically for employer members of the Arizona State Retirement System. Comments and questions may be directed to: David Cannella, Communications Manager, ASRS, 3300 N. Central Ave., Suite 1400, Phoenix, AZ 85012. Phone: (602) 240-2016.